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DIRECTORATE OF  
INTELLIGENCE

# *Central Intelligence Bulletin*

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*No. 41*

30 March 1973

State Department review completed

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Approved For Release 2004/01/15 : CIA-RDP79T00975A024100080001-5

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No. 0077/73  
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JAPAN: Prime Minister Tanaka has recommended the easing of restrictions on US agricultural imports, but is not pressing hard on this issue for fear it would cost him crucial popular support. Opposition within the Liberal Democratic Party and from agricultural interests is strong.

Tanaka has ordered the Agriculture Ministry to come up with recommendations for liberalization, but Minister of Agriculture and Forestry Sakurauchi appears totally opposed to any such action. Sakurauchi is a supporter of International Trade Minister Nakasone, an ambitious politician with an eye on Tanaka's job.

Even if Tanaka did want to override his minister, it is doubtful that he could get the necessary broad support from the Diet. The prime minister is under heavy criticism for his failure to live up to popular expectations in controlling inflation and correcting domestic ills. His government has performed poorly in Diet debate, and the opposition parties have for three weeks successfully tied up consideration of the 1973 budget. The government already has had to announce an extension of the current Diet for 70 days to the end of July.

Claims by Agriculture Ministry officials that forcing expansion of agricultural imports might cause the government to fall appear exaggerated. Such action would provoke increased domestic criticism of the government, however, and would cost Tanaka further crucial support.

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MBFR: In response to an Italian request, the EC political committee will discuss MBFR for the first time today. The French have withdrawn their long-standing opposition to such a discussion, as have the West Germans, who previously were also against it. The political committee will talk informally about MBFR problems that might be suitable topics for later formal committee discussion. The committee also will explore how this might be done without detrimental effects on NATO consultations.

The West Germans hope that the French are searching for a way of joining the MBFR exercise without losing face. It appears that Paris at least sees discussions in the political committee as an opportunity to impress on the other EC members its views on the substance and tactics of MBFR. The French have frequently voiced their unhappiness with the way the initial talks in Vienna have been going.

The two-month disagreement over Hungary's role has tended in general to exacerbate the Europeans' fears that MBFR might turn into a bilateral US-Soviet exercise that would not take their security sufficiently into account. Italian misgivings, in particular, have been increased as a result of Soviet insistence that Italy be included in the talks if Hungary is to participate.

Whether regular discussion of MBFR in the EC political committee would further complicate the process of reaching agreement on MBFR topics in the future is uncertain. The committee could become a forum for organizing a European point of view which, given European reservations about the MBFR exercise, might sometimes be at odds with US objectives. This was the case with the CSCE before the Helsinki talks began, although since

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[then the regular EC consultations on CSCE matters have made a useful contribution to the development of Allied positions.

In any case, French agreement to consider in the EC political committee what amount to basic security issues could significantly increase the meaningfulness of this thus-far rather halting effort to develop common European positions on foreign policy matters.

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USSR: Soviet industrial production during January and February grew by an estimated 5.5 percent, somewhat below the relatively slow rate registered in those same months last year. Much of the slowdown results from stagnation in the output of processed foods, reflecting the poor harvest last year. State processing of meat last month was 20 percent below the February 1972 level.

During recent visits to several provincial cities, US Embassy officers observed only limited supplies of fresh meat in state stores. The output of vegetable oil fell by 15 percent during the first two months, continuing monthly shortfalls noted since January 1972. This lag may be the main reason for the recent Soviet offer to purchase 200,000 tons of butter, worth \$84 million, from the European Economic Community. Butter is used as a close substitute for vegetable oil and costs less on foreign markets.

Other industrial sectors followed trends noted in the second half of 1972. The production of petroleum equipment and metallurgical equipment continued to lag. Industries producing goods for use by agriculture, however, registered respectable gains, as did producers of some consumer durable items, notably television sets and refrigerators.

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NOTES

EAST - WEST GERMANY: Little progress was made in the last session of the bilateral talks on 22 March. West German State Secretary Grabert, substituting for the ailing Minister Bahr, came away with the distinct impression that Pankow wants to slow the pace of negotiations, the same feeling Bahr received in February. On issues most important to Bonn, East German negotiator Kohl clearly indicated that he is in no hurry to begin talks on air, water traffic, and communications agreements, and warned against trying to include West Berlin in the terms of an air pact. Pankow apparently hopes to stall until Bonn ratifies the inter-German basic relations treaty, probably in early May, and submits application for UN membership. [REDACTED]

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NORTH KOREA: Record high North Korean grain imports this year reflect a poor 1972 harvest. Pyongyang has purchased at least 600,000 tons of corn, wheat, and flour from the West for delivery this year. Purchases already exceed the 1966 record, when about 500,000 tons were imported. Since 1966, imports from all sources have averaged about 300,000 tons annually. The Koreans usually import 100,000-200,000 tons of grain each year from the USSR. North Korean grain crops were injured first by summer drought, and then by excessive rains in the fall. These rains delayed harvesting and caused some crops to be ruined by cold weather. [REDACTED]

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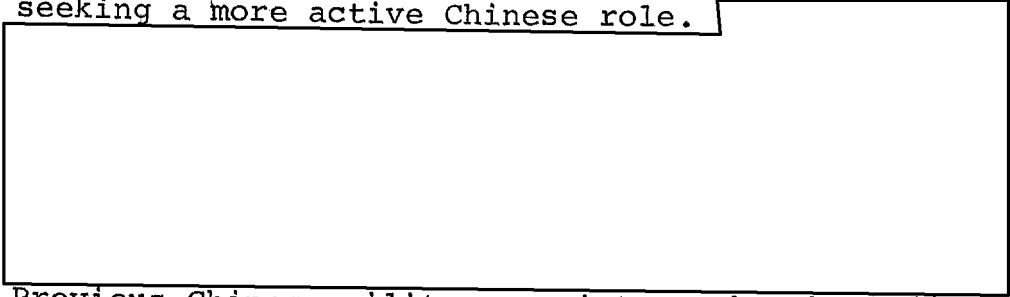
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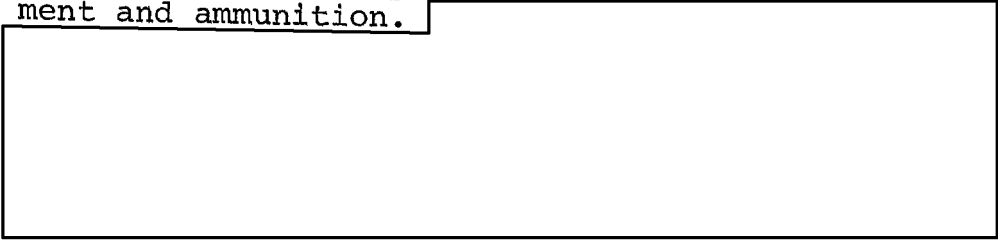


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CHINA-GUINEA: Two Shanghai-class motor gunboats were delivered to Guinea this month under a mid-1971 agreement. This represents the first major Chinese contribution to Guinea's general arms buildup which began after a Portuguese-backed commando raid on Conakry in late 1970. Conakry depends on the USSR for most of its arms, but the two-month visit to China last year of Guinea's chief of staff indicates that Conakry probably is seeking a more active Chinese role.



Previous Chinese military assistance has been limited to the delivery of some ground forces equipment and ammunition.



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